

OUR SCHOOLS NOW!

OUR KIDS' FUTURE

July 31, 2017

Received

JUL 31 2017

The Honorable Spencer J. Cox
Utah Lt. Governor's Office
Utah State Capitol Building
Salt Lake City, UT 84114

Spencer J. Cox
Lieutenant Governor

RE: *Our Schools Now Teacher and Student Success Initiative* application

Dear Lt. Governor Spencer Cox:

As Co-Chairs of Our Schools Now, we firmly believe in the need to improve education in Utah. Over the last twenty years, our state has reduced public education spending by billions of dollars, thereby limiting student potential. Consider that:

- 50 percent of Utah students aren't proficient in math, science and language arts;
- 42 percent of Utah teachers quit teaching within the first five years of teaching;
- 48 percent of Utah's working population has a post-high school education, well short of the State's goal to have 66 percent by the 2020;

High-quality education requires investing in Utah teachers. Our initiative not only increases teacher compensation, but provides funding to assist teachers in reaching students. Ensuring early learning, access to technology, and additional aides, specialists and counselors will result in improved student achievement.

As business executives, we recognize the importance of industry and entrepreneurship to our state. Investing in education will sustain and strengthen our state's economic success. A commitment to education builds a prepared workforce, stimulates middle-class wages and allows young families to stay in Utah to raise their children.

Since the early days of our state, the people of Utah have placed tremendous value on education. This initiative is an opportunity for today's generation to invest in the future of Utah children and grandchildren

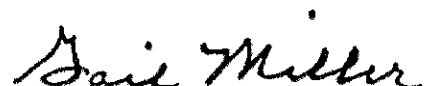
Sincerely,



Scott Anderson



Ron Jibson



Gail Miller

Addendum to Proposed Initiative or Referendum
Utah Code 20A-7-204.1



Sponsor Signature

Karen G. Miller

Sponsor's Name

Karen G. Miller

Sponsor's Signature

NOTARY SEAL

Subscribed and affirmed before me this 26 day of July 2017
by Karen G. Miller

Janet B. Layosa
Notary Public



JANET B LAYOSA
NOTARY PUBLIC-STATE OF UTAH
COMMISSION# 684693
COMM. EXP. 08-19-2019

Addendum to Proposed Initiative or Referendum
Utah Code 20A-7-204.1



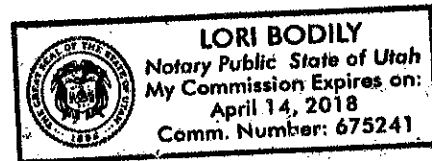
Sponsor Signature

RONALD W. JIBSON
Sponsor's Name

[Signature]
Sponsor's Signature

NOTARY SEAL

Subscribed and affirmed before me this 27th day of JULY 2017,
by [Signature]
Lori Bodily
Notary Public



Addendum to Proposed Initiative or Referendum

Utah Code 20A-7-204.1



Sponsor Signature

Allison P. Riddle

Sponsor's Name

Allison P. Riddle

Sponsor's Signature

Subscribed and Affirmed before me this 27 day of July 2017.

by

Allison P. Riddle
Alycia Hope Giesler

Notary Public

NOTARY SEAL



ALYCIA HOPE GIESLER
Notary Public, State of Utah
Commission # 694940
My Commission Expires On
May 04, 2021

Addendum to Proposed Initiative or Referendum

Utah Code 20A-7-204.1



Sponsor Signature

Becky Edwards

Sponsor's Name

[Signature]

Sponsor's Signature

NOTARY SEAL

Subscribed and affirmed before me this 26 day of July, 2017.

by Becky Edwards

[Signature]

Notary Public



DEREK BRANCHLEY

Notary Public

State of Utah

My Commission Expires April 1, 2018

#676299

Addendum to Proposed Initiative or Referendum

Utah Code 20A-7-204.1



Sponsor Signature

Wilford W. Clyde

Sponsor's Name

Wilford W. Clyde

Sponsor's Signature

NOTARY SEAL

Subscribed and affirmed before me this 31st day of July 2017.

by

Wilford W. Clyde

Lori Bodily

Notary Public



LORI BODILY

Notary Public State of Utah

My Commission Expires on:

April 14, 2018

Comm. Number: 675241

Statement of Intent:

The *Teacher and Student Success Act* represents the commitment of the citizens of this state to education through investment in education in a manner that will position Utah students for success. Utah business leaders believe that improving and investing in education is the best way to strengthen our economy.

Past changes in tax policy reduced annual funding for public education in Utah by \$1.2 billion, contributing to the trend of teachers leaving the profession at alarming rates. This lack of investment exacerbates the fact that less than half of Utah students score proficient on state tests in reading, math, and science -- across all grades.

We must invest in the education of Utah's children now by investing in teachers, classroom support, technology, early learning, and other proven drivers of student achievement. This initiative will increase funding for public education, higher education, and technical colleges by close to \$1,000 per student. It puts the funds under the control of schools and requires those schools to develop plans to improve student outcomes.

Investing in education through this initiative provides the means to produce more effective teachers, better educated students, and an economy that is positioned for long-term prosperity.

TEACHER AND STUDENT SUCCESS ACT**LONG TITLE****General Description:**

This Initiative amends and enacts provisions related to funding for the state's public education, higher education and technical colleges and provides additional funding for those institutions through increases in sales and income tax rates.

Highlighted Provisions:

This Initiative:

- increases the sales tax rate and income tax rates;
- creates a restricted account for deposits of the additional sales and income tax revenue and restricts the use of the money to the funding of two other restricted accounts:
 - the existing Performance Funding Restricted Account that provides funds to higher education institutions and technical colleges to implement performance improvement-based initiatives; and
 - the Teacher and Student Success Restricted Account created by this initiative to provide additional funding for public education;
- requires the State Board of Education to allocate funds from the Teacher and Student Success Restricted Account to local education agencies, and provides limited rulemaking authority;
- requires local school districts and other local education agencies:
 - to establish frameworks for schools that guide the use of the funds;
 - to approve plans created by the schools; and
 - to monitor and report on all schools, and to increase oversight for a school under certain circumstances; and
- requires the principal of each school to create a teacher and student success plan to improve school performance and student academic achievement using the additional funding, and to account for the school's expenditure of the funds.

Monies Appropriated in this Initiative:

None

Other Special Clauses:

This initiative provides a special effective date.

This Act affects sections of Utah Code Annotated 1953 as follows:

ENACTS:

53A-17a-301, Utah Code Annotated 1953

53A-17a-302, Utah Code Annotated 1953

53A-17a-303, Utah Code Annotated 1953

53A-17a-304, Utah Code Annotated 1953

53A-17a-305, Utah Code Annotated 1953

53A-17a-306, Utah Code Annotated 1953

53A-17a-307, Utah Code Annotated 1953

53A-17a-308, Utah Code Annotated 1953

59-10-552, Utah Code Annotated 1953

63J-1-316, Utah Code Annotated 1953

AMENDS:

59-10-104, as last amended by Chapter 389, 2008 General Session

59-12-103, as last amended by Chapters 234, 421, and 422, 2017 General Session

59-12-103.2, as last amended by Chapter 150, 2013 General Session

Be it enacted by the people of the state of Utah:

Section 1. **Section 53A-17a-301** is enacted to read:

Part 3. Teacher and Student Success Act.

53A-17a-301. Title.

This part is known as the “Teacher and Student Success Act.”

Section 2. **Section 53A-17a-302** is enacted to read:

53A-17a-302. Definitions.

As used in this part:

(1) "Educator" means the same as that term is defined in Section 53A-6-103.

(2) "LEA's allocation" means the money from the Teacher and Student Success Restricted Account distributed by the state board to a local board in accordance with Section 53A-17a-304.

(3) "Local board" means:

(a) a local school board;

(b) a charter school governing board; or

(c) the governing board of the Utah Schools for the Deaf and the Blind.

(4) "Local board framework" means the general plan for improving student achievement established by a local board under Section 53A-17a-304, that a school must use to guide the development of its plan.

(5) "Local education agency" or "LEA" means:

(a) a school district;

(b) a charter school; or

(c) the Utah Schools for the Deaf and the Blind.

(6) "Principal" means the chief administrator at a school, including:

(a) a school principal;

(b) a charter school director; or

(c) the Superintendent of the Utah Schools for the Deaf and the Blind.

(7) "School's allocation" means the money from the Teacher and Student Success Restricted Account for which a school may qualify for each fiscal year under Section 53A-17a-305.

(8) "State board" means the State Board of Education;

(9) "Teacher and student success plan" or "Plan" means the plan that a school creates for improving school performance, as required by this part.

Section 3. **Section 53A-17a-303** is enacted to read:

53A-17a-303. Teacher and Student Success Restricted Account—Creation.

(1) There is created in the Education Fund a restricted account known as the "Teacher and Student Success Restricted Account" to fund the Teacher and Student Success Program described in this part.

(2)(a) Money in the Teacher and Student Success Restricted Account shall earn interest.

(b) All interest earned on Teacher and Student Success Restricted Account money shall be deposited into the account.

(3) The Teacher and Student Success Restricted Account shall be funded as provided in Section 63J-1-316.

(4) The funds in the Teacher and Student Success Restricted Account are intended to supplement existing funds and may not be used to supplant, replace, or offset existing funds available or to decrease the value of the weighted pupil unit.

Section 4. Section 53A-17a-304 is enacted to read:

53A-17a-304. Teacher and Student Success Program--Purpose—Distribution of Teacher and Student Success Fund--Local Board Framework.

(1) There is created the Teacher and Student Success Program to:

(a) provide financial resources to a public school to improve school performance and student academic achievement through implementation of a teacher and student success plan; and

(b) allow a local board to increase compensation for educators, support professionals, and classified employees to improve school performance and student academic achievement.

(2)(a) Except as provided in Subsection (2)(b), and subject to Subsection (3)(a), for a fiscal year beginning on or after July 1, 2020, the state board shall allocate available funds from the Teacher and Student Success Restricted Account to an LEA based on the total number of weighted pupil units in the LEA compared to the total number of weighted pupil units in all LEAs in the state.

(b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the state board shall make rules to determine the allocation for an LEA that is in its first year of operation.

(3)(a) To receive the LEA's allocation, a local board shall establish a local board framework for schools within the LEA.

(b) The local board framework shall provide guidelines for each school within the LEA for the development of a Teacher and Student Success Plan required by this part.

Section 5. **Section 53A-17a-305** is enacted to read:

53A-17a-305. LEA's Allocation—School's Allocation.

(1)(a) Except as provided in subsection (1)(b), a local board may allocate up to 25% of the LEA's allocation for base salary and salary driven benefits for educators, support professionals, and classified employees as determined by the local board.

(b) The local board of a school district may allocate up to 40% of the LEA's allocation for base salary and salary driven benefits for educators, support professionals, and classified employees if:

(i) a local board has approved a board local levy in the maximum amount allowed by law under 53A-17a-164; and

(ii) the school district's average teacher salary is below the state average.

(c) A local board shall use the remainder of the LEA's allocation to fund school allocations for each school within the LEA.

(2) A local board shall annually report the following information to the state board necessary to calculate the state average teacher salary:

(a) the LEA's average teacher salary;

(b) wage increases, with expenditure data for base salary adjustments identified separately from step and lane expenditures;

(c) medical and dental premium cost adjustments; and

(d) adjustments in the number of teachers and other staff.

(3)(a) A local board shall determine a school's allocation using the average daily membership data as calculated by the state board.

(b) A local board shall use the state board data to determine a school's allocation based on the school's prior year average daily membership in kindergarten through grade 12 as compared to the total prior year average daily membership in kindergarten through grade 12 for all schools in the LEA.

(c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the state board shall make rules to determine the allocation for a school that is in its first year of operation.

(4) If a local board has approved a school's teacher and student success plan, a local board shall allocate the school's allocation in accordance with this part.

(5)(a) A local board shall annually submit a report to the state board accounting for the distribution of the LEA allocation.

(b) The state board shall post each report by an LEA on the state board website.

Section 6. **Section 53A-17a-306** is enacted to read:

53A-17a-306. Performance Standards for Schools—Local Board Oversight of School's Allocation When Standards Not Met.

(1) A local board shall review the most recent information available for its schools, reported in accordance with Title 53A, Chapter 1, Part 11, School Accountability System, to determine whether a school within the LEA has satisfied the following performance standards:

(a) being assigned an overall rating of A or B; or

(b) demonstrating at least a one percent increase in the school's total points compared to the previous school year.

(2) When a school does not satisfy one of the performance standards described in Subsection (1), the local board shall:

(a) work with the principal to modify the school's teacher and student success plan; and

(b) oversee expenditures of the school's allocation.

(3) The local board shall have decision making authority concerning a school's teacher and student success plan and expenditures of the school's allocation only in a school year following the year in which the school fails to satisfy at least one of the performance standards described in Subsection (1).

Section 7. **Section 53A-17a-307** is enacted to read:

53A-17a-307. Teacher and Student Success Plan.

(1) On or before November 30 of each year, a principal shall submit to the local board a teacher and student success plan that complies with the local board framework.

(2) A principal shall develop the teacher and student success plan and may solicit input from the school's:

(a) educators;

(b) administrators;

(c) support professionals;

(d) members of a school community council, as defined in Section 53A-1a-108;

(e) students;

(f) parents; and

(g) other community stakeholders.

(3)(a) A plan shall include school-specific goals and strategies for improving the school's performance as measured by the school accountability system described in Title 53A, Chapter 1, Part 11, School Accountability System.

(b) A plan shall use the school's allocation only for purposes that are within the local board framework which may include:

(i) educator stipends;

(ii) professional development for educators;

(iii) additional educators or school support professionals including counselors, social workers, mental health workers, tutors, media specialists, information technology specialists, or other specialists;

(iv) technology and software;

(v) before or after school programs;

(vi) summer school programs;

(vii) community support programs or partnerships;

(viii) early childhood education;

(ix) class size reduction;

(x) to augment existing programs; or

(xi) any other purpose reasonably designed to improve student performance that is approved by the local board.

(c) A school may not use the school's allocation for capital expenditures or to supplant funds for existing programs.

(4) A school shall annually post on its website:

- (a) its teacher and student success plan, after the plan has been approved by the local board;
- (b) an accounting for the school's expenditures of the school's allocation; and
- (c) a reporting of whether the school has met the performance standards identified in Section 53A-17a-306.

(5)(a) Each year a local board shall review each plan submitted under Subsection (1).

(b) The local board shall approve or disapprove each school's plan in a regularly scheduled meeting.

(c) If a local board does not approve a school's plan, the local board shall:

(i) provide a written explanation of why the school's plan was not approved, including recommendations for changes to the plan; and

(ii) require the principal who prepared the school's plan to revise the plan consistent with the local board's recommendations and resubmit the revised plan for approval.

(d) The local board may not withhold approval of a plan that complies with the requirements of this part.

(6) A local board shall make all reasonable efforts to help each school complete the approval process for the school's plan no later than June 30 of each year.

(7) Each school shall annually submit a report to the local board accounting for the expenditure of the school's allocation in accordance with the school's plan.

Section 8. **Section 53A-17a-308** is enacted to read:

53A-17a-308. Rulemaking.

In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the state board may make rules necessary to distribute funds from the Teacher and Student Success Restricted Account as provided in this part.

Section 9. **Section 59-10-104** is amended to read:

59-10-104. Tax basis – Tax rate – Exemption.

(1) For taxable years beginning on or after January 1, ~~2008~~2019, a tax is imposed on the state taxable income of a resident individual as provided in this section.

(2) For purposes of Subsection (1), for a taxable year, the tax is an amount equal to the product of:

(a) the resident individual's state taxable income for that taxable year; and

(b) 5.45%.

(3) This section does not apply to a resident individual exempt from taxation under Section 59-10-104.1.

Section 10. **Section 59-10-552** is enacted to read:

59-10-552. Distribution of Increased Collections From State Income Tax for Education.

For a taxable year beginning on or after January 1, 2019, the commission shall annually deposit into the Income and Sales Tax Growth Account created under Section 63J-1-316 an amount equal to 8.26% of the individual income tax revenues collected under this chapter for that taxable year.

Section 11. **Section 59-12-103** is amended to read:

59-12-103. Sales and use tax base -- Rates -- Effective dates -- Use of sales and use tax revenues.

(1) A tax is imposed on the purchaser as provided in this part on the purchase price or sales price for amounts paid or charged for the following transactions:

(a) retail sales of tangible personal property made within the state;

(b) amounts paid for:

(i) telecommunications service, other than mobile telecommunications service, that originates and terminates within the boundaries of this state;

(ii) mobile telecommunications service that originates and terminates within the boundaries of one state only to the extent permitted by the Mobile Telecommunications Sourcing Act, 4 U.S.C. Sec. 116 et seq.; or

(iii) an ancillary service associated with a:

(A) telecommunications service described in Subsection (1)(b)(i); or

(B) mobile telecommunications service described in Subsection (1)(b)(ii);

(c) sales of the following for commercial use:

(i) gas;

(ii) electricity;

(iii) heat;

(iv) coal;

(v) fuel oil; or

(vi) other fuels;

(d) sales of the following for residential use:

(i) gas;

(ii) electricity;

(iii) heat;

(iv) coal;

(v) fuel oil; or

(vi) other fuels;

(e) sales of prepared food;

(f) except as provided in Section 59-12-104, amounts paid or charged as admission or user fees for theaters, movies, operas, museums, planetariums, shows of any type or nature, exhibitions, concerts, carnivals, amusement parks, amusement rides, circuses, menageries, fairs, races, contests, sporting events, dances, boxing matches, wrestling matches, closed circuit television broadcasts, billiard parlors, pool parlors, bowling lanes, golf, miniature golf, golf driving ranges, batting cages, skating rinks, ski lifts, ski runs, ski trails, snowmobile trails, tennis courts, swimming pools, water slides, river runs, jeep tours, boat tours, scenic cruises, horseback rides, sports activities, or any other amusement, entertainment, recreation, exhibition, cultural, or athletic activity;

(g) amounts paid or charged for services for repairs or renovations of tangible personal property, unless Section 59-12-104 provides for an exemption from sales and use tax for:

(i) the tangible personal property; and

(ii) parts used in the repairs or renovations of the tangible personal property described in Subsection (1)(g)(i), regardless of whether:

(A) any parts are actually used in the repairs or renovations of that tangible personal property; or

(B) the particular parts used in the repairs or renovations of that tangible personal property are exempt from a tax under this chapter;

(h) except as provided in Subsection 59-12-104(7), amounts paid or charged for assisted cleaning or washing of tangible personal property;

(i) amounts paid or charged for tourist home, hotel, motel, or trailer court accommodations and services that are regularly rented for less than 30 consecutive days;

~~(j) amounts paid or charged for laundry or dry cleaning services;~~

(k) amounts paid or charged for leases or rentals of tangible personal property if within this state the tangible personal property is:

(i) stored;

(ii) used; or

(iii) otherwise consumed;

(l) amounts paid or charged for tangible personal property if within this state the tangible personal property is:

(i) stored;

(ii) used; or

(iii) consumed; and

(m) amounts paid or charged for a sale:

(i)(A) of a product transferred electronically; or

(B) of a repair or renovation of a product transferred electronically; and

(ii) regardless of whether the sale provides:

(A) a right of permanent use of the product; or

(B) a right to use the product that is less than a permanent use, including a right:

(I) for a definite or specified length of time; and

(II) that terminates upon the occurrence of a condition.

(2)(a) Except as provided in Subsections (2)(b) through (e), a state tax and a local tax is imposed on a transaction described in Subsection (1) equal to the sum of:

(i) a state tax imposed on the transaction at a tax rate equal to the sum of:

(A) (I) through March 31, 2019, 4.70%; and

(II) beginning on April 1, 2019, 5.15%; and

(B) (I) the tax rate the state imposes in accordance with Part 18, Additional State Sales and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211 through 59-12-215 is in a county in which the state imposes the tax under Part 18, Additional State Sales and Use Tax Act; and

(II) the tax rate the state imposes in accordance with Part 20, Supplemental State Sales and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211 through 59-12-215 is in a city, town, or the unincorporated area of a county in which the state imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and

(ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the transaction under this chapter other than this part.

(b) Except as provided in Subsection (2)(d) or (e), a state tax and a local tax is imposed on a transaction described in Subsection (1)(d) equal to the sum of:

(i) a state tax imposed on the transaction at a tax rate of 2%; and

(ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the transaction under this chapter other than this part.

(c) Except as provided in Subsection (2)(d) or (e), a state tax and a local tax is imposed on amounts paid or charged for food and food ingredients equal to the sum of:

(i) a state tax imposed on the amounts paid or charged for food and food ingredients at a tax rate of 1.75%; and

(ii) a local tax equal to the sum of the tax rates a county, city, or town imposes on the amounts paid or charged for food and food ingredients under this chapter other than this part.

(d)(i) For a bundled transaction that is attributable to food and food ingredients and tangible personal property other than food and food ingredients, a state tax and a local tax is imposed on the entire bundled transaction equal to the sum of:

(A) a state tax imposed on the entire bundled transaction equal to the sum of:

(I) the tax rate described in Subsection (2)(a)(i)(A); and

(II)(Aa) the tax rate the state imposes in accordance with Part 18, Additional State Sales and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211 through 59-12-215 is in a county in which the state imposes the tax under Part 18, Additional State Sales and Use Tax Act; and

(Bb) the tax rate the state imposes in accordance with Part 20, Supplemental State Sales and Use Tax Act, if the location of the transaction as determined under Sections 59-12-211 through 59-

12-215 is in a city, town, or the unincorporated area of a county in which the state imposes the tax under Part 20, Supplemental State Sales and Use Tax Act; and

(B) a local tax imposed on the entire bundled transaction at the sum of the tax rates described in Subsection (2)(a)(ii).

(ii) If an optional computer software maintenance contract is a bundled transaction that consists of taxable and nontaxable products that are not separately itemized on an invoice or similar billing document, the purchase of the optional computer software maintenance contract is 40% taxable under this chapter and 60% nontaxable under this chapter.

(iii) Subject to Subsection (2)(d)(iv), for a bundled transaction other than a bundled transaction described in Subsection (2)(d)(i) or (ii):

(A) if the sales price of the bundled transaction is attributable to tangible personal property, a product, or a service that is subject to taxation under this chapter and tangible personal property, a product, or service that is not subject to taxation under this chapter, the entire bundled transaction is subject to taxation under this chapter unless:

(I) the seller is able to identify by reasonable and verifiable standards the tangible personal property, product, or service that is not subject to taxation under this chapter from the books and records the seller keeps in the seller's regular course of business; or

(II) state or federal law provides otherwise; or

(B) if the sales price of a bundled transaction is attributable to two or more items of tangible personal property, products, or services that are subject to taxation under this chapter at different rates, the entire bundled transaction is subject to taxation under this chapter at the higher tax rate unless:

(I) the seller is able to identify by reasonable and verifiable standards the tangible personal property, product, or service that is subject to taxation under this chapter at the lower tax rate from the books and records the seller keeps in the seller's regular course of business; or

(II) state or federal law provides otherwise.

(iv) For purposes of Subsection (2)(d)(iii), books and records that a seller keeps in the seller's regular course of business includes books and records the seller keeps in the regular course of business for nontax purposes.

(e)(i) Except as otherwise provided in this chapter and subject to Subsections (2)(e)(ii) and (iii), if a transaction consists of the sale, lease, or rental of tangible personal property, a product, or a service that is subject to taxation under this chapter, and the sale, lease, or rental of tangible personal property, other property, a product, or a service that is not subject to taxation under this chapter, the entire transaction is subject to taxation under this chapter unless the seller, at the time of the transaction:

(A) separately states the portion of the transaction that is not subject to taxation under this chapter on an invoice, bill of sale, or similar document provided to the purchaser; or

(B) is able to identify by reasonable and verifiable standards, from the books and records the seller keeps in the seller's regular course of business, the portion of the transaction that is not subject to taxation under this chapter.

(ii) A purchaser and a seller may correct the taxability of a transaction if:

(A) after the transaction occurs, the purchaser and the seller discover that the portion of the transaction that is not subject to taxation under this chapter was not separately stated on an invoice, bill of sale, or similar document provided to the purchaser because of an error or ignorance of the law; and

(B) the seller is able to identify by reasonable and verifiable standards, from the books and records the seller keeps in the seller's regular course of business, the portion of the transaction that is not subject to taxation under this chapter.

(iii) For purposes of Subsections (2)(e)(i) and (ii), books and records that a seller keeps in the seller's regular course of business includes books and records the seller keeps in the regular course of business for nontax purposes.

(f)(i) If the sales price of a transaction is attributable to two or more items of tangible personal property, products, or services that are subject to taxation under this chapter at different rates, the entire purchase is subject to taxation under this chapter at the higher tax rate unless the seller, at the time of the transaction:

(A) separately states the items subject to taxation under this chapter at each of the different rates on an invoice, bill of sale, or similar document provided to the purchaser; or

(B) is able to identify by reasonable and verifiable standards the tangible personal property, product, or service that is subject to taxation under this chapter at the lower tax rate from the books and records the seller keeps in the seller's regular course of business.

(ii) For purposes of Subsection (2)(f)(i), books and records that a seller keeps in the seller's regular course of business includes books and records the seller keeps in the regular course of business for nontax purposes.

(g) Subject to Subsections (2)(h) and (i), a tax rate repeal or tax rate change for a tax rate imposed under the following shall take effect on the first day of a calendar quarter:

(i) Subsection (2)(a)(i)(A);

(ii) Subsection (2)(b)(i);

(iii) Subsection (2)(c)(i); or

(iv) Subsection (2)(d)(i)(A)(I).

(h)(i) A tax rate increase takes effect on the first day of the first billing period that begins on or after the effective date of the tax rate increase if the billing period for the transaction begins before the effective date of a tax rate increase imposed under:

(A) Subsection (2)(a)(i)(A);

(B) Subsection (2)(b)(i);

(C) Subsection (2)(c)(i); or

(D) Subsection (2)(d)(i)(A)(I).

(ii) The repeal of a tax or a tax rate decrease applies to a billing period if the billing statement for the billing period is rendered on or after the effective date of the repeal of the tax or the tax rate decrease imposed under:

(A) Subsection (2)(a)(i)(A);

(B) Subsection (2)(b)(i);

(C) Subsection (2)(c)(i); or

(D) Subsection (2)(d)(i)(A)(I).

(i)(i) For a tax rate described in Subsection (2)(i)(ii), if a tax due on a catalogue sale is computed on the basis of sales and use tax rates published in the catalogue, a tax rate repeal or change in a tax rate takes effect:

(A) on the first day of a calendar quarter; and

(B) beginning 60 days after the effective date of the tax rate repeal or tax rate change.

(ii) Subsection (2)(i)(i) applies to the tax rates described in the following:

(A) Subsection (2)(a)(i)(A);

(B) Subsection (2)(b)(i);

(C) Subsection (2)(c)(i); or

(D) Subsection (2)(d)(i)(A)(I).

(iii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may by rule define the term "catalogue sale."

**[Subsections (3) through (6), although not set forth herein,
are hereby incorporated as last amended
by Chapters 234, 421, and 422, 2017 General Session]**

(7)(a) Notwithstanding Subsection (3)(a), in addition to the amounts deposited in Subsection (6), and subject to Subsection (7)(b), for a fiscal year beginning on or after July 1, 2012, the Division of Finance shall deposit into the Transportation Investment Fund of 2005 created by Section 72-2-124:

(i) a portion of the taxes listed under Subsection (3)(a) in an amount equal to 8.3% of the revenues collected from the following taxes, which represents a portion of the approximately 17% of sales and use tax revenues generated annually by the sales and use tax on vehicles and vehicle-related products:

(A) the tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate;

(B) the tax imposed by Subsection (2)(b)(i);

(C) the tax imposed by Subsection (2)(c)(i); and

(D) the tax imposed by Subsection (2)(d)(i)(A)(I); plus

(ii) an amount equal to 30% of the growth in the amount of revenues collected in the current fiscal year from the sales and use taxes described in Subsections (7)(a)(i)(A) through (D) that exceeds the amount collected from the sales and use taxes described in Subsections (7)(a)(i)(A) through (D) in the 2010-11 fiscal year.

(b)(i) Subject to Subsections (7)(b)(ii) and (iii), in any fiscal year that the portion of the sales and use taxes deposited under Subsection (7)(a) represents an amount that is a total lower percentage of the sales and use taxes described in Subsections (7)(a)(i)(A) through (D) generated in the current fiscal year than the total percentage of sales and use taxes deposited in the previous fiscal year, the Division of Finance shall deposit an amount under Subsection (7)(a) equal to the product of:

(A) the total percentage of sales and use taxes deposited under Subsection (7)(a) in the previous fiscal year; and

(B) the total sales and use tax revenue generated by the taxes described in Subsections (7)(a)(i)(A) through (D) in the current fiscal year.

(ii) In any fiscal year in which the portion of the sales and use taxes deposited under Subsection (7)(a) would exceed 17% of the revenues collected from the sales and use taxes described in Subsections (7)(a)(i)(A) through (D) in the current fiscal year, the Division of Finance shall deposit 17% of the revenues collected from the sales and use taxes described in Subsections (7)(a)(i)(A) through (D) for the current fiscal year under Subsection (7)(a).

(iii) In all subsequent fiscal years after a year in which 17% of the revenues collected from the sales and use taxes described in Subsections (7)(a)(i)(A) through (D) was deposited under Subsection (7)(a), the Division of Finance shall annually deposit 17% of the revenues collected

from the sales and use taxes described in Subsections (7)(a)(i)(A) through (D) in the current fiscal year under Subsection (7)(a).

(8)(a) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited under Subsections (6) and (7), for the 2016-17 fiscal year only, the Division of Finance shall deposit \$64,000,000 of the revenues generated by the taxes listed under Subsection (3)(a) into the Transportation Investment Fund of 2005 created by Section 72-2-124.

(b) Notwithstanding Subsection (3)(a), and in addition to the amounts deposited under Subsections (6) and (7), for the 2017-18 fiscal year only, the Division of Finance shall deposit \$63,000,000 of the revenues generated by the taxes listed under Subsection (3)(a) into the Transportation Investment Fund of 2005 created by Section 72-2-124.

(c)(i) Notwithstanding Subsection (3)(a), in addition to the amounts deposited in Subsection (6) and (7), and subject to Subsection (8)(c)(ii), for a fiscal year beginning on or after July 1, 2018, the Division of Finance shall annually deposit into the Transportation Investment Fund of 2005 created by Section 72-2-124: a portion of the taxes listed under Subsection (3)(a) in an amount equal to 3.68% of the revenues collected from the following taxes:

(A) the tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate;

(B) the tax imposed by Subsection (2)(b)(i);

(C) the tax imposed by Subsection (2)(c)(i); and

(D) the tax imposed by Subsection (2)(d)(i)(A)(I).

(ii) For a fiscal year beginning on or after July 1, 2019, the commission shall annually reduce the deposit into the Transportation Investment Fund of 2005 under Subsection (8)(c)(i) by an amount that is equal to 35% of the amount of revenue generated in the current fiscal year by the portion of the tax imposed on motor and special fuel that is sold, used, or received for sale or use in this state that exceeds 29.4 cents per gallon.

**[Subsections (9) through (12), although not set forth herein,
are hereby incorporated as last amended
by Chapters 234, 421, and 422, 2017 General Session]**

(13) Notwithstanding Subsections (4) through (12) and (14) an amount required to be expended or deposited in accordance with Subsections (4) through (12) and (14) may not include an amount the Division of Finance deposits in accordance with Section 59-12-103.2.

(14) Notwithstanding Subsection (3)(a), for a fiscal year beginning on or after July 1, 2019, the Division of Finance shall deposit into the Income and Sales Tax Growth Account created in Section 63J-1-316 the amount of tax collected from a .45% tax rate on the transactions described in Subsection (1) that are subject to the state sales and use tax under Section 59-12-103(2)(a)(i)(A).

Section 12. **Section 59-12-103.2** is amended to read:

59-12-103.2. Definitions -- Remote Sales Restricted Account -- Creation -- Funding for account -- Interest -- Division of Finance accounting.

(1) As used in this section:

(a) "Qualified local revenue collected from remote sellers" means the local revenue the commission collects under Section 59-12-103.1 for a fiscal year from sellers who obtain a license under Section 59-12-106 for the first time on or after the earlier of:

(i) the date a decision described in Subsection 59-12-103.1(1)(a) becomes a final, unappealable decision; or

(ii) the effective date of the action by Congress described in Subsection 59-12-103.1(1)(b).

(b) "Qualified state revenue collected from remote sellers" means the state revenue generated by a 4.7% tax rate the commission collects under Section 59-12-103.1 for a fiscal year from sellers who obtain a license under Section 59-12-106 for the first time on or after the earlier of:

(i) the date a decision described in Subsection 59-12-103.1(1)(a) becomes a final, unappealable decision; or

(ii) the effective date of the action by Congress described in Subsection 59-12-103.1(1)(b).

(c) "Additional state revenue collected from remote sellers" means the state revenue generated by a .45% tax rate the commission collects under Section 59-12-103.1 for a fiscal year from sellers who obtain a license under Section 59-12-106 for the first time on or after the earlier of:

(i) the date a decision described in Subsection 59-12-103.1(1)(a) becomes a final, unappealable decision; or

(ii) the effective date of the action by Congress described in Subsection 59-12-103.1(1)(b).

(2) There is created within the General Fund a restricted account known as the "Remote Sales Restricted Account."

(3) The account shall be funded by:

(a) the qualified local revenue collected from remote sellers; ~~and~~

(b) the qualified state revenue collected from remote sellers; and

(c) the additional state revenue collected from remote sellers.

(4)(a) The account shall earn interest.

(b) The interest described in Subsection (4)(a) shall be deposited into the account.

(5) The Division of Finance shall deposit the revenue described in Subsection (3) into the account.

(6) The Division of Finance shall separately account for:

(a)(i) the qualified local revenue collected from remote sellers; and

(ii) interest earned on the amount described in Subsection (6)(a)(i); ~~and~~

(b)(i) the qualified state revenue collected from remote sellers; and

(ii) interest earned on the amount described in Subsection (6)(b)(i); and

(c)(i) the additional state revenue collected from remote sellers; and

(ii) interest earned on the amount described in Subsection (6)(c)(i).

(7)(a) The revenue and interest described in Subsection (6)(a) may be used to lower local sales and use tax rates as the Legislature may provide by statute.

(b) The revenue and interest described in Subsection (6)(b) may be used to lower state sales and use tax rates as the Legislature may provide by statute.

(c) The revenue and interest described in Subsection (6)(c) may not be used to lower state or local sales and use tax rates, but shall be deposited into the Income and Sales Tax Growth Account described in Section 63J-1-316.

Section 13. **Section 63J-1-316** is enacted to read:

63J-1-316. Creation of Income and Sales Tax Growth Account—Account Appropriations to Public Education, Higher Education, and Technical Colleges.

(1)(a) There is created within the Education Fund a restricted account known as the Income and Sales Tax Growth Account.

(b) The Income and Sales Tax Growth Account consists of money deposited into the restricted account in accordance with Section 59-10-552, Subsection 59-12-103(14), and Subsection 59-12-103.2(7)(c).

(c) Money in the Income and Sales Tax Growth Account shall earn interest, and all interest earned on the account shall be deposited into the restricted account.

(2) The Legislature shall annually allocate from the Income and Sales Tax Growth Account:

(a) 85% of the money in the restricted account to the Teacher and Student Success Restricted Account created in Section 53A-17a-303; and

(b) 15% of the money in the restricted account to the Performance Funding Restricted Account created in Section 53B-7-703.

(3) Higher education institutions and technical colleges:

(a) in addition to using the money described in Subsection (2)(b) for performance funding under Title 53B Chapter 7 Part 7, may also use the money for scholarships and student aid; and

(b) may not use the money described in Subsection (2)(b) for capital facility construction or capital improvement costs.

Section 14. **Severability.**

If any provision of this Initiative, or the application of any provision to any person or circumstance, is held invalid, the remainder of this Initiative shall not be affected thereby but shall be given effect without the invalid provision.

Section 15. **Effective Date**

If approved by the voters in this state, this initiative shall take effect on January 1, 2019.

END OF TEACHER AND STUDENT SUCCESS ACT

Persons gathering signatures for the petition may be paid for doing so.

This initiative petition seeks to (a) increase the current state sales tax rate by .45 percent, resulting in a 9.6 percent increase in the current state sales tax rate, and (b) increase the current income tax rate by .45 percent, resulting in a 9 percent increase in the current tax rate.